

PART 2:

THE APPLICATION PROCESS

Federal law requires the Department to ensure that students can apply for federal aid without paying a fee. To be considered for most of the federal student aid programs (such as Federal Pell Grants, Direct Loans, and Federal Stafford Loans), a student must fill out the FAFSA, which collects financial and other information used to calculate the EFC.

Currently, the Department contracts for two different kinds of processing services. The FAFSA Processor inputs students' FAFSA data and transmits that data to the Central Processing System (CPS). The CPS uses this information to calculate the EFC and to produce an output document (or record) reporting that EFC. The student will receive an output document, either the *Student Aid Report* (SAR) or *SAR Information Acknowledgement*, from the CPS within four weeks of submitting the FAFSA.

A school gets the student's output record electronically, in the form of an Institutional Student Information Record (ISIR). Only a school listed in Part G of a student's FAFSA will automatically receive an ISIR through either the Applicant Data Service (on tape or cartridge) or through the Electronic Data Exchange (EDE). (See page 12 for information on EDE.) A student can list up to six schools in Part G.

The application processing cycle lasts 18 months. For the 1998-99 award year, application processing began in January 1998, and applications for that year will be accepted until June 30, 1999. However, schools should advise students to submit their applications as soon as possible.

Dear Colleague Letters and Action Letters sent to schools each year provide further information on deadlines and procedures. These letters, as well as other information from the Department, are available on the World Wide Web (the web) at <http://www.ed.gov/offices/OPE/Professionals>. The Department also posts system updates and technical guidance announcements on the SFA Bulletin Board System (BBS). In addition, the SFA BBS has Dear Colleague Letters, Title IV Federal Registers, and the *Federal Student Financial Aid Handbook*. To order free BBS software for dial-in access, an FAA should call 1-800/433-7327. The BBS is available at <http://sfa.ed.gov>.

HOW TO APPLY

A student must complete a FAFSA, either electronically or on paper, even if he or she is applying only for a federal loan. The student will need copies of his or her income tax return (and his or her parents' return if dependent or spouse's return if independent), W-2 forms, current bank statements, and records of any stocks, bonds, and other investments and assets.

A student does not have to pay a fee if he or she fills out only the FAFSA. However, a school or state may require a student to fill out additional questions on a separate form so that he or she can be considered for some state or institutional aid, and the school or state may charge a fee for processing these additional questions. A student should check with his or her state agency to find out if it requires an applicant to submit a separate form to receive state aid. (Some states do use FAFSA data to award aid.)

There are two paper FAFSAs a student can use: the Department-printed FAFSA and the Portable Document Format (PDF) FAFSA, which a student may obtain from the Department's website. After downloading the PDF FAFSA, a student must print it, complete it, and mail it to the CPS.

Included with the Department-printed 1998-99 FAFSA is a postcard that a student can complete and return to the CPS with his or her completed FAFSA if he or she wishes to be notified of when the application was received. The postcard will be date stamped by the CPS and returned to the student. Postage for the postcard is not prepaid; each student must remember to affix a postage stamp to his or her postcard.

A student may apply for aid electronically through EDE, *FAFSA Express*, or the Department's latest electronic application programs, *FAFSA on the Web* and *Renewal FAFSA on the Web*. All of these application methods are free. A student who uses one of the electronic methods does not need to also submit a paper FAFSA; the student needs to complete the FAFSA only once each year, in whichever form is most convenient.

Renewal FAFSA

Finally, note that some students will not have to complete an entire FAFSA, but rather can use a Renewal FAFSA, preprinted with last year's data, and simply change or add information as needed. (Photocopies of Renewal FAFSAs and of SARs cannot be processed, due to the requirements of image scanning technology.)

For 1998-99, the CPS will mail Renewal FAFSAs to students who applied for federal student aid in 1997-98 and who meet certain conditions—for instance, their SSNs and addresses were valid, they were not in default, and so forth. These

students must provide new financial and some nonfinancial information on the Renewal FAFSA but can leave other information the same if it has not changed.

These students will receive Renewal FAFSAs in the mail or from their schools some time after November 1997. (The CPS will print and mail Renewal FAFSAs only to those students whose records were not requested by a school.)

In the fall, schools participating in EDE may request Renewal FAFSAs for some or all of the students who listed that school on their applications for the previous year. The school can either request the electronic Renewal FAFSA records or ask that the applications be printed by the CPS and mailed in bulk to the school. The school is then responsible for distributing the Renewal FAFSAs to the students and must also enter and transmit the completed Renewal FAFSA if it only requested the electronic records. More information on this process, as well as the schedule, was provided in Action Letter #1 (September 1997). For questions about Renewal FAFSAs, an FAA should call CPS Customer Service at 1-800/330-5947.

FAFSA ON THE WEB

FAFSA on the Web is an Internet application, launched by the Department on June 30, 1997, that allows a student to complete his or her FAFSA data and submit that data directly to the CPS. After transmission, the student may then mail his or her signed signature page to the Department. The CPS determines the student's EFC within 72 hours after receiving the completed application and signature page. The CPS then prints and mails a SAR to the student.

FAFSA on the Web automatically edits applicant data before transmission, resulting in better information and fewer applications rejected by the CPS. In addition, *FAFSA on the Web* uses "skip logic," so that students are only asked questions they need to answer. Note that to protect the student's private data, *FAFSA on the Web* requires the use of certain web browsers approved by the Department; students can apply using any computer that supports an approved browser. The *FAFSA on the Web* site lists the approved browsers. Because many students and schools may already have the appropriate browser, this method may be the easiest way for a student to apply electronically. A student may use a floppy disk to save his or her data.

For more information about *FAFSA on the Web* or for technical assistance, a student may call 1-800/801-0576. The web address is <http://www.fafsa.ed.gov>. For FAAs, Action Letter #3 (Gen 97-13) also provides more information on *FAFSA on the Web*.

FAFSA EXPRESS

FAFSA Express allows students to apply electronically without using the web; *FAFSA Express* requires only an IBM-compatible computer with a Windows operating system and a modem. *FAFSA Express* is often available on computers in

libraries, high schools, and postsecondary schools. A student can order the program by calling 1-800/801-0576, or he or she can download it from the web at <http://www.ed.gov/offices/OPE/express.html>.

A student who files using *FAFSA Express* may save his or her data to a diskette but cannot save this personal data to a computer's hard drive. A student using *FAFSA Express* transmits the application data to the CPS via modem.

RENEWAL FAFSA ON THE WEB

Some students who applied for federal student aid in 1997-98 are able to reapply in 1998-99 on the web using *Renewal FAFSA on the Web*. Students who are unable to file on the web or choose not to do so are still able to file Renewal FAFSAs on paper, or their schools may submit Renewal FAFSAs electronically using EDE.

The CPS assigns an Electronic Access Code (EAC) randomly to each Renewal FAFSA record. A student who wishes to apply using *Renewal FAFSA on the Web* must be residing at the same address that is on file from the previous year. He or she must apply for his or her EAC at <http://www.fafsa.ed.gov>. At that website, the student must provide his or her SSN, the first two letters of his or her last name, and his or her date of birth. If the system finds a record that matches the data the student provides, it will ask the student if he or she is still living at the address on file. If the student answers "yes," the system will inform him or her that a unique EAC will be mailed to that address. If the student is no longer living at the address on file, he or she cannot use *Renewal FAFSA on the Web*. However, the student can still file a paper Renewal FAFSA or have his or her school submit a Renewal FAFSA using EDE.

A student who is still living at the address on file will receive his or her EAC within 7 to 10 days after requesting it. The student then uses his or her EAC, SSN, and date of birth, along with the first two letters of his or her last name to access his or her *Renewal FAFSA on the Web* record at <http://www.fafsa.ed.gov>. For more information about *Renewal FAFSA on the Web* or for technical assistance, a student may call 1-800/801-0576. For FAAs, Action Letter #3 (Gen 97-13) also provides more information on *Renewal FAFSA on the Web*.

ELECTRONIC DATA EXCHANGE (EDE)

If an FAA wishes to have a student file through EDE, the student should first submit a completed paper FAFSA to the school. EDE allows an FAA or a student to electronically enter the data required for the FAFSA. After the FAA reviews the entered data, the information is sent electronically to the CPS. The CPS then processes the data and sends the school an electronic ISIR and the student a one-part *SAR Information Acknowledgement* containing the student's information and the results of the eligibility calculation. A *SAR Information Acknowledgement*

allows the student to review his or her application data; a student cannot make corrections on a *SAR Information Acknowledgement*. EDE services are provided as a part of the Department's contract for the Title IV Wide Area Network (TIV-WAN). For more information on the TIV-WAN an FAA should contact: TIV-WAN Customer Service at 1-800/615-1189.

OBTAINING SIGNATURES WHEN A STUDENT APPLIES ELECTRONICALLY

Like students who apply using paper FAFSAs, those who apply electronically must meet certain signature requirements. The requirements and how a student meets those requirements vary depending on what electronic method the student uses.

FAFSA on the Web and FAFSA Express

FAFSA on the Web and *FAFSA Express* will ask a student whether or not a printer is available. If one is available, the student should answer "yes." *FAFSA on the Web* or *FAFSA Express* will then print a signature page that the student should sign and mail to the CPS. The CPS processes the data and sends the student a SAR. If the CPS does not receive a signature page within 14 calendar days of receiving the data, the student will receive a "reject 16" SAR in the mail. The student must sign this SAR and return it to the CPS. If a printer is not available, the student should indicate "no." *FAFSA on the Web* or *FAFSA Express* will not attempt to print a signature page, and the CPS will not wait 14 days to generate a reject 16 SAR; it will generate one within 72 hours of receiving the data.

Schools and states will receive ISIRs for reject 16 records. A student's reject 16 SAR and his or her ISIR will reflect the data that he or she provided on the application; however, the CPS will not calculate an EFC for the student until it receives a signed signature page or a signed SAR.

Renewal FAFSA on the Web

For an independent student, the EAC substitutes for the applicant's signature, so no signature page is necessary. The application will be processed within 72 hours. Then the student will receive a SAR, and the schools listed on his or her application will receive ISIRs.

Because a dependent student must provide a parent's signature, there is still the need for a signature page for a dependent student. After a dependent student completes *Renewal FAFSA on the Web*, the system will ask the student to print a signature page and have a parent sign it. If the student indicates that no signature page was printed, the CPS will send the applicant a "reject 15" SAR with the required signature page within 72 hours. If the student indicates that a signature page was printed, the CPS will wait up to 14 calendar days to receive the signed page. If the CPS does not receive a signed signature page within 14 days, it will generate a reject 15 SAR and send it to the student. The student must have a parent sign the SAR and must send it to the address on the SAR.

As is the case with *FAFSA on the Web* and *FAFSA Express* reject 16 records, schools and states will receive ISIRs for reject 15 records. A student's reject 15 SAR and his or her ISIR will reflect the data that he or she provided on the application; however, the CPS will not calculate an EFC for the student until it receives a signed signature page or a signed SAR. Again, only a parent must sign the signature page or SAR. The EAC substitutes for the student's signature.

EDE

If a student applies through the EDE system, the school must obtain the student's signature on a completed paper application or on the "echo document" printed through EDE, and must keep the signed document in its files **even if the student does not receive federal student aid or does not attend that school.**

RECEIVING A STUDENT'S APPLICATION DATA

A school will receive the student's application data if that student listed the school on the FAFSA. Also, with the student's permission to use his or her Data Release Number (DRN), formerly the Personal Identification Number (PIN), the school may request an ISIR for a student who did not list the school on the FAFSA. A state agency is also able to receive student data for students residing in that state and for students who list on their FAFSAs schools in that state. A school also has the option of receiving data on magnetic tape or cartridge through Applicant Data Services (ADS). For more information, an FAA should contact ADS customer service at 1-800/330-5947.

SUBMITTING AN INITIAL APPLICATION

A student must complete the FAFSA accurately. The CPS must receive a student's electronic FAFSA transmission by June 30, 1999. A paper FAFSA must be legible and mailed to the address specified in the FAFSA in time for the CPS to receive it by this deadline. (See page 29 for a complete list of deadlines.) There are **no exceptions** to any Department deadlines. An electronic application record received before January 1, 1998 or after June 30, 1999 will not be processed. An application signed before January 1, 1998 or received after June 30, 1999 will be returned unprocessed with a letter of explanation.

States and schools often set earlier deadlines for awarding aid from some programs, including the campus-based programs (Federal Perkins Loans, FSEOGs, and FWS). Students must also keep in mind that eligibility does not continue year to year and that a FAFSA or Renewal FAFSA must be filed each year.

A student completing the FAFSA should **read the instructions** carefully. This advice cannot be overemphasized; most errors are caused by students making assumptions about what information is being requested. Oversights and careless errors on the application, such as providing incorrect SSNs, also cause processing

delays. Such delays may cause otherwise eligible students to miss the deadline to qualify for aid.

It is important for a student to save all records and other materials used in completing the FAFSA (including photocopies of the completed FAFSA) because he or she may need them later if either the Department or the school select him or her for a process called verification. Verification is the process by which students must document what was reported on the FAFSA (see pages 20-21). Most verification requires the student to submit a copy of his or her signed federal tax return and a copy of his or her parents' or spouse's signed federal tax return (if applicable).

HOW THE APPLICATION IS PROCESSED

The CPS analyzes the information from the FAFSA and calculates an EFC to determine how much a student and (if the student is dependent) his or her parents can be expected to contribute toward the student's COA. As discussed in Part 1, the EFC measures the family's financial strength on the basis of the student's family's income and assets. The EFC formula also takes into account the family's expenses relative to the number of persons in the household and how many of them will be attending college during the award year.

If the EFC is less than the COA, the student is considered to have financial need. A student with a zero EFC may receive the maximum Federal Pell Grant award, depending on the student's COA and enrollment status. The higher the EFC is, the less the student's need. If the student's EFC is above a maximum amount determined each award year, the student will not be eligible for a Federal Pell Grant but may be eligible for other assistance.

The CPS automatically calculates a simplified EFC for a student who meets certain income and tax filing requirements. Such a student does not need to provide asset information on the application, but if he or she does, the CPS will perform a calculation using the simplified formula (and ignoring the asset data) and a full calculation using the asset data. The student will receive a primary EFC (based on the simplified formula) and a secondary EFC (based on the full calculation). For more information on primary and secondary EFCs, see pages 26-27.

For a dependent student to qualify for the simplified calculation

- ☐ neither the student nor his or her parents can have been required to file an Internal Revenue Service (IRS) Form 1040 and
- ☐ the parents must have an Adjusted Gross Income (AGI) (for tax filers) or income earned from work (for nonfilers) of less than \$50,000, not counting the income of a dependent student.

For an independent student to qualify for the simplified calculation

- ☐ neither the student nor his or her spouse can have been required to file an IRS Form 1040 and
- ☐ the student and his or her spouse must have a combined AGI (for tax filers) or combined income earned from work (for nonfilers) of less than \$50,000.

The formula also provides for an automatic zero EFC for some students. Applicants who meet the following requirements will automatically receive a zero EFC:

- ☐ for a dependent student, neither parent was required to file a 1997 IRS Form 1040 and the parents' combined AGI (for tax filers) or combined income earned from work (for nonfilers) is \$12,000 or less
- ☐ for an independent student with dependents other than a spouse, neither the student (or spouse) was required to file a 1997 IRS Form 1040, and the student's and spouse's combined AGI (for tax filers) or combined income earned from work (for nonfilers) is \$12,000 or less.

Independent students with no dependents other than a spouse do not qualify for an automatic zero EFC.

The CPS uses a series of edits to check the consistency of the student's information. For instance, it would be inconsistent for the dependent student of a single parent to report income earned from work for two parents. If the data is inconsistent, the CPS may be unable to calculate the EFC or may calculate an EFC based on automatic assumptions. If assumptions have been used, they are indicated on the SAR or ISIR; the student must make sure the assumptions are correct.

For applications submitted through EDE, the school can anticipate certain assumptions and correct or override certain information on the student's first application. The student's information does not have to be reprocessed to confirm these assumptions. For example, if the household size and the number of family members in college are equal to each other and more than two, the CPS assumes that the number in college should be one. In an electronic application, the FAA can override this assumption if all members of the household are in fact enrolled in college. This override allows information contrary to the assumptions to be confirmed when first filing through EDE (rather than requiring later confirmation).

DATA MATCHES

The CPS also performs several data matches. If a student's records do not satisfy the eligibility match requirements of one or more of the databases, the student's records are flagged, and the student may not be eligible to receive federal aid unless the discrepancy is resolved. Resolving such a discrepancy usually requires the student to submit additional documentation to the school.

National Student Loan Data System (NSLDS)

The CPS matches applicant data against the Department's National Student Loan Data System (NSLDS). This database identifies students who owe an overpayment on a Federal Pell Grant, FSEOG, or Federal Perkins Loan and students who have defaulted on any Federal Perkins Loan, Direct Loan, or FFEL. If a student is found to owe an overpayment or to be in default and has not made satisfactory arrangements to repay, he or she receives a comment on the SAR or ISIR saying he or she is ineligible for aid until the status is resolved.

If a match with NSLDS is completed but no student data are present, the student's output document will have a comment explaining that the student's SSN is not associated with any previous financial aid history (comment 140). The school can thus assume that the student has no financial aid history.

If a student's SSN matches a record in the NSLDS database but no financial aid history information was found, the student will receive a comment stating such (comment 137). The school is not required to take any action in such a case.

If a student's SSN matches a record in the NSLDS database but neither the first name nor date of birth matches what the student reported to the CPS, the output document will have a comment explaining that the financial aid history is not provided due to the partial match and directing the student to work with the school to resolve the discrepancy (comment 138). The loan history in the database does not appear on the student's SAR or ISIR, but the comment alerts the FAA that some financial aid history is associated with that student's SSN. The school must resolve the partial match before the student can receive aid.

Social Security Administration (SSA)

The Department sends records to the Social Security Administration (SSA) to check the validity of the SSN a student reports to the CPS. If the SSN is invalid (that is, the SSN the student reported is not found in the SSA's database), the student receives a rejected SAR, and a comment will appear on the SAR or ISIR instructing him or her to review the SSN. (Also, the student receives a comment on the SAR or ISIR if the SSN is found in the SSA's database but the name and/or date of birth reported on the FAFSA does not match SSA records.)

A comment on the output document instructs a student reporting an invalid SSN to correct the SSN or contact the SSA if he or she believes the reported SSN is correct. If the reported SSN is correct, the student must follow up with a local or regional SSA office to update the SSA database; the student must report his or her correct SSN to the SSA and provide documentation verifying the correct SSN. The Department cannot update the SSA database for the student. Once the SSA database is updated, the student may submit the SSN correction to the CPS again on the SAR, but he or she is not required to do so. Regardless of whether or not the student corrects the SSN, the school must document that it has determined the correct SSN.

The CPS also conducts a match with the SSA to verify U.S. citizenship status if the student indicates on the FAFSA that he or she is a U.S. citizen. The results of the SSA citizenship match are printed on the student's output document. When a student's reported SSN, name, or date of birth conflicts with the SSA database, no citizenship match can be performed. The student receives a comment on the output document explaining that the student's status was not checked. A student who receives this comment must provide the school with documentation substantiating his or her claim to be a citizen or eligible noncitizen. If the student's citizenship status was not confirmed through this match, the student will receive comment 146, and he or she must provide the school with documentation of his or her citizenship status.

If a student makes corrections to his or her name, date of birth, or SSN after an attempted SSA database match, this record will be rematched against the SSA database. A new match flag will be generated and reported in the FAA Information section. Once all the SSA match elements have been confirmed (that is, SSN, name, and date of birth all match and U.S. citizenship is confirmed), the SSN and citizenship flags will be carried forward to the next year's Renewal FAFSA, and the SSA match will not have to be performed each time the student applies for aid. If a student whose match data have been confirmed subsequently tries to change his or her SSN, the CPS does not accept the change and generates a comment advising the student to contact his or her FAA for assistance (comment 13). If the student used a wrong SSN, but it was confirmed by SSA, the student may need to file a new application with the correct SSN, instead of making a correction.

Other Matches

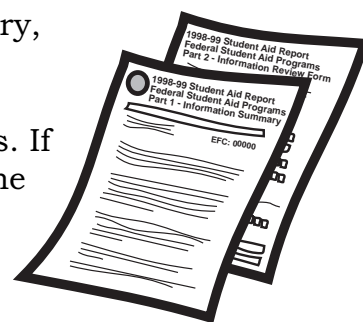
For each student who provides an Alien Registration Number, the CPS conducts a match with the Immigration and Naturalization Service (INS) to confirm the student's status as an eligible noncitizen.

The CPS also performs matches against drug abuse conviction records maintained by the U.S. Department of Justice and registration status information maintained by the Selective Service System. For more information on matches, see Chapter 2 of the *Federal Student Financial Aid Handbook*.

REVIEWING THE OUTPUT DOCUMENT

A student who applies using the paper FAFSA, the PDF FAFSA, *FAFSA Express*, *FAFSA on the Web* or *Renewal FAFSA on the Web* will receive a SAR within four weeks of filing. A student who transmits an electronic application or corrections through a school via EDE receives a noncorrectable *SAR Information Acknowledgment* from the CPS. The school receives the student's ISIR automatically if the student listed the school in Part G of the FAFSA. A school not listed on the application may also request an ISIR through EDE. These output documents contain the student's EFC, the student's application information, and other information for the FAA.

The SAR comes in two parts. Part 1 is the Information Summary, and Part 2 is used for corrections. The *SAR Information Acknowledgement* and the ISIR also provide the Information Summary, but do not have a separate part used for corrections. If corrections are needed, they must be made through EDE, or the student can request a duplicate SAR through the Federal Student Aid Information Center (FSAIC) at 1-319/337-5665 and make paper corrections. This is a toll call. The student must provide his or her name, SSN, and date of birth.



The student does not need to take the SAR to a school that he or she listed on the application because that school will have already received an ISIR. These schools may award aid based on the ISIR without receiving the printed SAR from the student. The SAR will tell the student if all, some, or none of the schools he or she listed received the output document. (A school might not receive an ISIR if the student did not correctly complete Part G.)

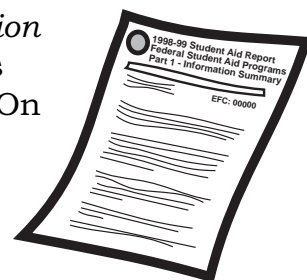
If a school in which the student is interested has not received the student's information electronically, he or she may give the SAR to the school; the school must then add itself to the student's CPS records (see "Adding a School" on page 22). To pay a student federal student aid, a school must have an output document with an official EFC.

The student must review the SAR carefully for errors. If the SAR contains incorrect information or certain items that need to be updated, the student may have to make changes. We discuss these changes in the section titled "Making Changes."

For additional information on output documents, please refer to *A Guide to 1998-99 SARs and ISIRs*.

INFORMATION SUMMARY

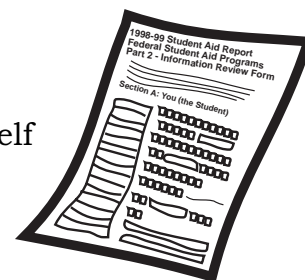
The Information Summary is Part 1 of the SAR. The *SAR Information Acknowledgement* and the ISIR also provide this information. This summary serves as an eligibility letter to the student and school. On the SAR and *SAR Information Acknowledgement*, the EFC is printed on the front (at the upper right) along with an explanation of the calculation and instructions for the student. A summary of the student's information is printed on the back of Part 1.



The Information Summary has a separate section titled "FAA Information." This space is used to provide a coded summary of information about the application and to provide the EFC. Additional information, such as the results of data matches, is also provided in this section. For a detailed description of the information provided in this section, see *A Guide to 1998-99 SARs and ISIRs*.

INFORMATION REVIEW FORM/INFORMATION REQUEST FORM

Part 2 of the SAR will be either the Information Review Form or the Information Request Form. Please note that Part 2 of the SAR by itself does **not** serve as an eligibility document; as mentioned previously, only the Information Summary serves as an eligibility letter.



Information Review Form

The student uses the “Information Review Form” to make corrections, if necessary, and to update certain items if they have been changed since the FAFSA was submitted. Part 2 lists the student’s information under the “YOU TOLD US” column, with space, if needed, for the student to correct the information under the column headed “WRITE IN ONLY NEW OR CORRECTED INFORMATION.” Data elements that have been questioned by the CPS logic are highlighted in bold type in Part 2. The parental data fields are shaded to distinguish parental data from the student’s data. If the student does not provide parental data, the parental data fields are blank.

Information Request Form

The Information Request Form, rather than the Review Form, is sent when information the student provided was incomplete or inconsistent and an EFC could not be calculated. In this situation, the student will receive a four-page SAR (a “reject” SAR) with the Information Request Form as Part 2. The student must correct or verify all information identified by an arrow printed in each questioned field on the SAR. The student must write the correct answer in the boxes or ovals that appear to the right of the arrow. The student may either change the information by writing in a new answer or verify the information by writing in the same answer.

For the student to receive federal student aid, the Information Request Form **must** be completed correctly and returned to the CPS, or the school must make corrections to the SAR information electronically through EDE.

Both the Information Review Form and the Information Request Form contain helpful hints on reviewing the SAR and a “For Your Information” section. The For Your Information section tells the student the approximate time needed to review and complete the SAR, informs the student that, if he or she is convicted of drug distribution or possession, his or her eligibility for Title IV student financial aid is subject to suspension or termination, and instructs the student what to do if he or she has special circumstances.

VERIFICATION

Because the effectiveness of the federal student financial aid programs depends, in large part, on the accuracy of the data students report, schools must verify information provided by students the CPS selects. In doing so, schools must follow

the procedures established by regulation. The CPS prints an asterisk next to the EFC on the SAR to identify students whom the Department has selected for verification. (A code is also provided on the ISIR.) The school must check the information the student reported on the FAFSA, usually by requesting a copy of the signed tax returns filed by the student and, if applicable, the student's parent(s) or spouse. Many schools also conduct their own form of verification, selecting other applications for verification in addition to those selected by the CPS. Please refer to *The Verification Guide 1998-99* for more information on the verification process and requirements.

MAKING CHANGES

If a student's SAR or ISIR data is incorrect, it must be corrected or updated. An FAA may recalculate the student's EFC for the federal campus-based and loan programs without having the student report the corrected or updated information to the processing system. However, for the Federal Pell Grant Program, in most cases corrections must be reported to the CPS for recalculation of the EFC. Please see *The Verification Guide 1998-99* for exceptions to this rule. (Please note that corrections to a student's SSN must always be reported back to the CPS for data match purposes.)

When a student files a FAFSA, it creates a "snapshot" of the financial situation of the student's family as of the date the application was signed. However, errors may occur if a student files the wrong information on an application or if there are errors in data entry at the CPS. To correct application errors, a student may make the correction on his or her SAR or have his or her school use the EDE system.

For instance, a dependent student mistakenly reports her parents' total taxable income (\$24,000) rather than their AGI (\$19,000). The student must have her school make the correction through EDE or must make the correction herself on Part 2 of the SAR under the column headed "WRITE IN ONLY NEW OR CORRECTED INFORMATION" and must return the signed SAR to the CPS.

Please note that even if a school did not transmit a student's application via EDE, the school can still make the corrections electronically if the student brings the corrected information to the school. If the school was not included on the student's SAR or *SAR Information Acknowledgement*, the school must be certain to add itself in the next available institution field. In the event that all six of the institution fields have been used, the school must determine from the applicant which of the original six should be replaced with the new school's name and Title IV School Code.

If the student's corrections are made through EDE, the corrected data is processed by the CPS, and an electronic ISIR will be returned to the school; the student will receive the one-page *SAR Information Acknowledgement*. The school must keep signed documentation for corrections submitted electronically; the school must collect documentation before sending data to the CPS.

The student may not update income or asset information to reflect changes to his or her family's financial situation if those changes took place after the FAFSA was filed. For example, if the same student's family sold some stock after the student filed a FAFSA and spent the money on a nonreported asset such as a car, the student may not update her information to show a change in the family's assets.

However, a student must update dependency status if it changes after filing (unless it changed because of a change in the student's marital status). Dependency status must be updated regardless of whether the student was selected for verification.

If a student is selected for verification, he or she must update the number of family members (household size) and number of college students in the household, unless those items changed as a result of a change in the student's marital status. If an applicant is not selected for verification, household size and number in postsecondary education cannot be updated. (Verification was explained on pages 20-21.)

Any changes in dependency status, household size, or number of college students in the household can be reported on the SAR or through EDE. Remember, a student cannot update any of these three items if it changes as a result of a change in marital status.

FAFSA PROCESSING ERRORS

If a student believes that the CPS incorrectly entered data from his or her application or from a submitted correction, the student can call the FSAIC and request a review of his file. An FSAIC counselor will look at an image of the student's form to determine whether the CPS made an error. If the CPS made an error, the counselor can make the correction immediately. The correction will be transmitted to the CPS within 72 hours. The schools the student listed on his or her application will receive a corrected ISIR, and the student will receive a corrected SAR in the mail within 10 days. The FSAIC, however, cannot change any data except data that the CPS entered incorrectly.

ADDING A SCHOOL

If a student wants to have his or her application information sent to an additional school after filing a FAFSA, the student may correct the SAR to add that school. (See Part 3, Section H of this handbook for additional information on adding a school.) The student also has the option of calling the FSAIC's toll number (1-319/337-5665) to request changes in his or her address or in the schools (Title IV School Codes) to which ISIRs are to be sent. The student will need to provide his or her DRN from the SAR. A student can also update his or her address or schools by sending a signed, written request to the CPS, or he or she can use the form in Action Letter #3 (GEN 97-13) to make these changes.

USING PROFESSIONAL JUDGMENT

An FAA may use professional judgment, only on a case-by-case basis, to either increase or decrease one or more of the data elements used to calculate the EFC. The reason must be documented in the student's file and it must relate to that student's special circumstances that differentiate an individual student (not to conditions that exist for a whole class of students).

A notice on the first page of the FAFSA instructions tells the student to notify the FAA if he or she has special circumstances. The FAFSA gives examples of elementary or secondary school tuition, unusual medical or dental expenses, a family member who recently became unemployed, or other unusual circumstances. Use of professional judgment is neither limited to the situations mentioned nor required in those situations.

An FAA may not make a direct change to the EFC figure, assessment rates, or allowances; he or she may adjust only an actual data item in keeping with the student's special circumstances. For example, if a family member is ill, an FAA might modify the AGI to allow for lower earnings in the coming year or might adjust assets to indicate that family savings will be expended on medical expenses. Because items like medical expenses and tuition do not appear on the application or the SAR or ISIR, FAAs need to be familiar with the elements in the formula to make and document professional judgment changes properly.

Occasionally an FAA makes a decision contrary to the professional judgment provision's intent. Unreasonable judgments have included, for example, reductions of income based on reoccurring costs such as vacation expenses, tithing expenses, and standard living expenses (related to utilities, credit card expenses, children's allowances, and the like). FAAs, whom the Department grants significant latitude in exercising professional judgment, are expected and required to make "reasonable" decisions that support the intent of the provision. The school is held accountable for all professional judgment decisions made, and it must fully document each decision.

In making adjustments for unusual expenses, an FAA should keep in mind that the income protection allowance is already included in the EFC calculation to account for modest living expenses. The FAA should consider whether the expense is already taken into account through the income protection allowance before making an adjustment. In general, a school can assume that 30% of the income protection allowance amount is for food, 22% for housing, 9% for transportation expenses, 16% for clothing and personal care, 11% for medical care, and 12% for other family consumption. The income protection allowance used for a particular student is provided as one of the intermediate values in the FAA Information Section of the output document (labeled as "IPA"). See also *The EFC Formula Book, 1998-99* for tables listing income protection allowances.

If an FAA makes an adjustment for a student who may be eligible for a Federal Pell Grant, the FAA should use the EDE corrections function or the SAR to send the adjusted information to the CPS. The FAA is not required to submit the adjustment to the CPS unless the amount of the student's Pell Grant changes as a result. If the FAA uses EDE, the school will receive the resulting ISIR, and the student will receive the one-page *SAR Information Acknowledgement*. If the FAA uses the SAR, the school will receive the resulting ISIR, and the student will receive a SAR. An adjustment to a line item is made just like a correction. If the FAA uses the SAR, he or she reports the adjusted amount on Part 2 in the column labeled "WRITE IN ONLY NEW OR CORRECTED INFORMATION." The FAA must also indicate in the "School Use Only" box that an adjustment is being made. (See the chart on page 25.)

If an FAA uses professional judgment to adjust a SAR line item, he or she must use the resulting EFC consistently for all federal student aid awarded to that student. For example, if the FAA adjusts the EFC for purposes of awarding the student's Federal Pell Grant, that adjusted EFC must also be used to award all other federal student aid to that student.

An FAA can also use professional judgment to adjust the student's COA.

DEPENDENCY OVERRIDES

As mentioned, a student sometimes has unusual circumstances that may justify a dependency override. An FAA may override only from dependent to independent. However, if an independent student is receiving substantial support from his or her parents, an FAA may use professional judgment to adjust one or more of the FAFSA data elements, such as untaxed income. To reverse a dependency override, the FAA must use the transaction on which the override was done.

All dependency overrides must be made on a case-by-case basis, and the reason for the adjustment must be documented in the student's file.

A student receiving a dependency override fills out the gray and white areas of the FAFSA (the sections for independent students). An FAA then authorizes the dependency override by marking the oval for an override, filling in the school's Title IV School Code, and signing in the School Use Only box. A separate letter attached to the application (in lieu of making the override) is **not** acceptable.

An FAA may also use the SAR to override the dependency status of a student who has already applied by using the School Use Only box on Part 2. The FAA should check Box 1 in the section labeled D/O, fill in the school's Title IV School Code, and sign.

An FAA may also use the SAR or EDE to cancel a dependency override that another FAA performed. He or she mark Box 2 in the section labeled D/O on the SAR or follow the prompts provided in EDE.

THE "SCHOOL USE ONLY" BOX

The School Use Only box on the SAR enables the FAA to tell the CPS when he or she has adjusted a SAR line item or when he or she has changed a student's dependency status. There are four common scenarios:

- 1 The FAA has the student correct a line item on the SAR. The FAA doesn't need to make any notation; the student must correct the SAR and mail it to the CPS.
- 2 The FAA makes a professional judgment adjustment to one of the line items on the SAR. He or she must check the box labeled "FAA EFC Adjustment" to let the CPS know that the change was an adjustment rather than a correction to a line item.
- 3 The FAA corrects a data element on the SAR and adjusts a different data element. An FAA should always report a combination of changes as an adjustment. He or she should check the box labeled "FAA EFC Adjustment."
- 4 The FAA uses the SAR to change a student's dependency status. He or she should check the appropriate dependency override box.

If an FAA has changed the student's dependency status (from dependent to independent), he or she should check box 1. If the FAA is canceling a dependency override another FAA performed, he or she should check box 2.

If an FAA has adjusted one or more data elements using professional judgment, he or she should check the box below.

School Use Only	
Professional Judgment	
D/O	1 <input type="radio"/> 2 <input type="radio"/> FAA EFC Adjustment <input type="radio"/> 1
Title IV Code	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
<input type="text"/>	FAA Signature
1	

Whenever an FAA is indicating changes in the School Use Only box, he or she must fill in the school's Title IV School Code and sign his or her name.

USING THE OFFICIAL EFC TO DOCUMENT ELIGIBILITY

The CPS calculates the “official” EFC using the CPS edits and eligibility matches. The EFC is printed at the top of the first page of the SAR. The EFC, the secondary EFC, and the alternate EFCs printed in the FAA Information section of the SAR are all considered official figures that can be used for payment. The CPS may provide the school with an official EFC on an ISIR. An EFC from a source other than the CPS is considered an estimated figure and cannot be used for payment of any federal student aid.

When a student qualifies for the simplified needs test but he or she provides asset information on the FAFSA anyway, a primary and secondary EFC are calculated. The simplified EFC is the primary and is printed on the front of Parts 1 and 2 of the SAR. Both the primary EFC and the secondary EFC (calculated by including the supplemental data) are printed on the back of Part 2 in the heading of the School Use Only box.

The secondary EFC is rarely used. If you need to use the secondary EFC in determining the student’s Pell Grant, you must indicate such when you report the Pell Grant payment.

You must base a student’s Pell Grant on his or her official EFC, and you must resubmit through the CPS any data changes that result in a changed award. Ultimately, to document a student’s eligibility for a Pell Grant, you must have in your records the student’s final EFC and the correct application data used to calculate that EFC. The student’s valid ISIR serves as this eligibility document or record (a valid ISIR is one on which all the information used to calculate the EFC is correct). Also note that a copy of an ISIR a school receives from a student or another school does **not** constitute a valid eligibility document; the CPS must send the ISIR directly to your school.

For the other federal student aid programs (except PLUS), you must have in your files at least one ISIR containing an official EFC and data processed by the CPS for each recipient. This ISIR need not contain the final, corrected, or adjusted data for that student. It merely documents that the student’s data has been processed through the CPS and has gone through system edits and the eligibility matches.

You may not make payments based on an **estimated** EFC (an EFC from a source other than the CPS). Packaging can be based on an estimated EFC, and a FFEL application can be certified with an estimated figure. However, funds cannot be delivered until the school has received an official EFC from the CPS. If you have received the official EFC but need to correct or adjust the student’s information, you may pay the student campus-based, Direct Loan, or FFEL funds based on your EFC recalculation. Or, you may obtain a new official EFC from the CPS by making changes through EDE or by having the student submit a corrected SAR.

The school is liable for any recalculation errors that result from using an EFC that the school or a third-party need analysis servicer calculates. The Department does not certify the accuracy of the calculations need analysis servicers perform. The Need Analysis System (NAS) program calculates the same EFC as the CPS; however, the student's information must be processed by the CPS at least once, because NAS cannot perform the eligibility matches.

To receive the 1998-99 NAS specifications, all interested need analysis servicers must enter into an agreement with the Department and comply with the procedures set forth in that agreement. New servicers must complete and sign the agreement in order to receive the NAS specifications, which are sent automatically to current NAS servicers.

Under the Federal Pell Grant Program regulations, schools are not allowed to make a first disbursement of a Pell Grant without a valid ISIR. However, you may still make an interim disbursement to a student who is selected for verification (including a student selected for verification by the school rather than the CPS). See the 1998-99 version of *The Verification Guide* for more information.

SIGNATURE REQUIREMENTS (FEDERAL PELL GRANT)

Previously, for an ISIR to be valid, the student was required to sign a statement certifying the data's accuracy. This is no longer a requirement. In other words, once the student has signed the FAFSA, he or she doesn't have to sign other documentation in order to receive a Pell Grant—unless a correction or verification is required.

If a line item on a paper SAR is corrected, the student and at least one parent (for a dependent student) must sign Part 2 of the SAR before it is returned to the CPS. If an FAA has adjusted a SAR line item (or several), the adjustment(s) can be processed without the signatures of the student and parent. For corrections received through EDE, the school must have signed documentation from the student and parent: the correction on Part 2 of the SAR, a signed copy of the correction sent to the CPS, or signed verification documentation. The school must collect this documentation **before** sending data to the CPS.

Remember, if a student files through EDE at your school, you must keep on file the student's signature (on a completed paper application or on the "echo document" printed from EDE) **even if** the student does not receive federal student aid or does not attend your institution.

The Statement of Educational Purpose and the Certification Statement on Overpayments and Defaults are on the FAFSA, not the SAR or ISIR. The school is not required to collect or keep a separate copy of these statements.

FEEDBACK FROM THE PROCESSING SYSTEM

Comments on the SAR and ISIR identify changes an FAA has made (such as dependency overrides and professional judgment adjustments). These comments are helpful if the student has submitted more than one application. In particular, you will need to know if an FAA at another school has changed a student's information. A new student may have applied to other schools as well as your own and may present a SAR that reflects a dependency override one of those schools made. Before you pay the student based on that SAR, you must determine whether the student would be considered independent at your school, and document that decision in the student's file.

The CPS identifies a SAR or ISIR that is the result of a dependency override by printing a comment in Part 1. In addition, the letter "Y" will be printed next to Dependency Override in the FAA Information section of the SAR or ISIR if an override was performed, or "N" if it was canceled.

A SAR that has been reprocessed based on an FAA's adjustment of a data element using professional judgment will have a comment to that effect on Part 1. The SAR or ISIR will have a "Y" for an adjustment printed in the FAA Information section. An FAA at another school cannot use this adjustment and must instead make and document his or her own adjustments to a SAR.

The letter "C" printed next to the EFC indicates that there are certain comments requiring further action by the school. For example, if the Department determines through the NSLDS match that the student is in default on a federal student loan, this flag (C) is printed in addition to the appropriate comment. The flag is printed if NSLDS, Selective Service, Department of Justice, SSA or INS matches produce information requiring resolution by the school. The results of the SSA match appear in the FAA Information Box on all output documents.

A student who is eligible for a Pell Grant will have a "Y" printed next to the Pell Grant eligibility flag in the FAA Use section of the SAR or ISIR. The Pell eligibility flag will be blank if the student is not eligible for a Pell Grant.

The comments that are printed in Part 1 of the SAR are identified by numbers in the processing system. Many FAAs are familiar with these numbers, which are listed in the Applicant Data Tape record description provided to schools receiving ISIRs on data tapes, *The Federal Student Financial Aid Handbook*, the *Title IV WAN User's Guide*, and *A Guide to 1998-99 SARs and ISIRs*. As a convenience to these FAAs, the numbers of all the FAA comment codes included in the SAR will be printed in the FAA Information section.

1998-99 APPLICATION DEADLINES

The CPS must receive a student's FAFSA or Renewal FAFSA (paper or electronic)
no later than

June 30, 1999

If a student needs to make SAR corrections, the CPS must receive the corrected
SAR no later than

August 13, 1999

A student may request a duplicate SAR by telephone or in writing through

August 13, 1999

To establish eligibility for a Federal Pell Grant, a student must either submit a
valid SAR to the school's financial aid office or the school must receive a valid ISIR
while the student is still enrolled for that award year, but no later than

August 31, 1999

A school may give a student whose application information is being verified up to
60 days after his or her last day of enrollment to submit the SAR to the school or
to make sure the school receives the ISIR. However, the verification extension
cannot continue beyond

August 31, 1998

Signature Requirements for Application and Verification Information

<i>general requirements for federal student aid</i>	Application other than Renewal FAFSA on the Web	Renewal FAFSA on the Web	IRS Forms 1040 or other form submitted for verification	Verification Worksheet
Student	Must sign statement that data is accurate (on application, SAR, ISIR, or signature page)	No signature required— Electronic Access Code (EAC) substitutes for signature	Student (or spouse if applicable) must sign, or the tax preparer must sign or stamp	Must sign worksheet
Parent(s) (if student is dependent)	At least one parent must sign statement that data is accurate (on application, SAR, ISIR, or signature page)	At least one parent must sign statement that data is accurate (on application, SAR, ISIR, or signature page)	At least one parent must sign tax return, or the tax preparer must sign or stamp	At least one parent must sign
FAA	Must certify if performing dependency override			

<i>additional requirements for receipt of a Federal Pell Grant</i>	SAR to be submitted for corrections	EDE Corrections	Professional Judgment (on SAR or through EDE)	Eligibility Document (valid SAR or ISIR)
Student	Must sign corrections statement on Part 2 of SAR	School must have signed documentation		No signature required
Parent(s) (if student is dependent)	At least one parent must sign the corrections statement on Part 2 of the SAR	School must have signed documentation		No signature required
FAA			Must certify for adjustments or dependency overrides	